

IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF PENNSYLVANIA  
CIVIL ACTION NO. 96-5903-CN

STEVEN ARCH, et al.,  
Plaintiffs,  
v.  
THE AMERICAN TOBACCO  
COMPANY, et al.,  
Defendants.:  
CONFIDENTIAL  
Deposition of:  
THOMAS T. GOODALE

TRANSCRIPT of testimony as taken by and  
before PATRICIA A. SANDS, a Shorthand Reporter and  
Notary Public of the State of New York, at the  
offices of WINSTON & STRAWN, 200 Park Avenue, New  
York, New York, on Wednesday, August 20, 1997,  
commencing at 2:00 in the afternoon.

2062811792

## 1     A P P E A R A N C E S

2            LEVIN, FISHBEIN, SEDRAN & BERMAN  
3            320 Walnut Street #600  
4            Philadelphia, PA 19106  
5            BY: JONATHAN SHUB, ESQ.  
6            For the Plaintiffs  
7            (215) 592-1500

8            WINSTON & STRAWN  
9            200 Park Avenue  
10           New York, NY 10166-4193  
11           BY: ALAN B. HOWARD, ESQ.  
12           For the Defendants  
13           (212) 294-4700

14           DECHERT, PRICE & RHOADS  
15           4000 Bell Atlantic Tower  
16           1717 Arch Street  
17           Philadelphia, PA 19103  
18           BY: ANDREW GADDES, ESQ.  
19           For the Defendant Philip Morris  
20           (215) 994-2188

21           JACQUELINE D. GILBERT, ESQ.  
22           Senior Assistant General Counsel  
23           Philip Morris Management Corp.  
24           120 Park Avenue  
25           New York, NY 10017-5592  
             For the Defendant Philip Morris  
             (212) 880-5000

2062811793

I N D E XWITNESSDIRECT

THOMAS GOODALE

Mr. Shub

4

E X H I B I T SNUMBER  
GOODALEDESCRIPTIONIDENTIFICATION

|    |   |    |
|----|---|----|
| 1  | Richmond meeting minutes<br>March 13, 1979            | 40 |
| 2  | Handwritten notes entitled "R&D"<br>April 17, 1979    | 44 |
| 3  | Richmond meeting minutes<br>April 17, 1979            | 50 |
| 4  | Richmond meeting minutes<br>June 12, 1979             | 55 |
| 5  | Inter-office correspondence<br>March 18, 1980         | 59 |
| 6  | Inter-office correspondence<br>September 25, 1980     | 62 |
| 7  | Inter-office correspondence<br>February 25, 1981      | 65 |
| 8  | Handwritten notes entitled "R&D"<br>February 18, 1981 | 67 |
| 9  | Report, Young Smokers                                 | 73 |
| 10 | Handwritten minutes<br>July 13, 1983                  | 76 |
| 11 | Handwritten notes entitled "R&D"<br>January 6, 1987   | 77 |

2062811794

CONFIDENTIAL

T. Goodale

CONFIDENTIAL<sup>4</sup>

1     T H O M A S     T.     G O O D A L E ,

2                    having been sworn,

3                    was examined and testified

4                    as follows:

5     DIRECT EXAMINATION BY MR. SHUB:

6                    Q.            Good afternoon, my name is Jonathan  
7     Shub. I'm here representing the plaintiffs in a  
8     case in Federal Court in Philadelphia against,  
9     among other manufacturers, Philip Morris.

10                    I'm going to be asking you some  
11     questions here today about some of your work at  
12     Philip Morris.

13                    I want to make sure you understand  
14     my questions so that if you don't, I expect that  
15     you'll tell me that you don't understand the  
16     question, or that you don't hear the question to  
17     make sure that we are on the same wavelength.

18                    You need to answer audibly for the  
19     court reporter. She can't take down, obviously,  
20     nods of the head or anything like that.

21                    Anything you say during this  
22     deposition will be on the record as taken by the  
23     court reporter.

24                    If you need a break at any time,  
25     please allow us to give you that break by telling

2062811795

CONFIDENTIAL

T. Goodale

CONFIDENTIAL

5

1 either Alan or your attorney or any other attorney  
2 here or me, and we will certainly do that.

3 Is that clear so far?

4 A. Yes.

5 Q. Where are you currently living,  
6 Mr. Goodale?

7 A.

**REDACTED**

8  
9 Q. Are you presently working?

10 A. No.

11 Q. You are retired?

12 A. Yes.

13 Q. When did you retire?

14 A. I think it was October 1st, 1993.

15 Q. That was from Philip Morris?

16 A. Yes.

17 Q. You're here today pursuant to a  
18 subpoena that was served upon you; is that  
19 correct?

20 A. Yes.

21 Q. Mr. Goodale, do you currently have  
22 in your possession any documents that you obtained  
23 while you were employed at Philip Morris in  
24 connection with Philip Morris's work?

25 A. No.

2062811796

CONFIDENTIAL

T. Goodale

CONFIDENTIAL

6

1 Q. Or any company activities?

2 A. No.

3 Q. Are you in contact at all with any  
4 current employees of Philip Morris on any kind of  
5 professional or social basis?

6 A. Yes.

7 Q. And who are you in contact with at  
8 Philip Morris, and then I will ask you on what  
9 basis.

10 A.

11 Q.

12 A.

13 Q.

14 A.

15 Q.

16 A. Yes.

17 Q. Are you in touch with him on a  
18 social basis?

19 A. Social basis.

20 Q. Is he still at Philip Morris?

21 A. Yes.

22 Q. Are you still in touch with any  
23 former employees of Philip Morris on any  
24 professional or social basis?

25 A. No.

REDACTED

2062811797

CONFIDENTIAL

T. Goodale

CONFIDENTIAL

7

1 Q. Do you receive from the company any  
2 literature about Philip Morris's activities?

3 A. Yes.

4 Q. What kind of literature did you  
5 receive?

6 A. I receive the Globe, which is the Philip  
7 Morris newspaper, I guess you call it.

8 Q. And on what basis is that furnished  
9 to you? Is that a monthly publication or  
10 semiannual?

11 A. I'm not sure when it comes, maybe every --  
12 it comes -- I don't know if it's monthly or  
13 quarterly, but I get it a few times a year.

14 Q. Do you recall over the last several  
15 years any articles about litigation that Philip  
16 Morris is involved in?

17 MR. HOWARD: Objection. Are you  
18 talking about in the Globe, or the press in  
19 general?

20 MR. SHUB: In the Globe. We're  
21 talking about the Globe.

22 A. I remember reading about some cases, but I  
23 don't remember which ones in particular.

24 Q. Do you recall what the cases were  
25 about?

2062811798

CONFIDENTIAL

T. Goodale

CONFIDENTIAL

8

1 A. No.

2 Q. When you received the subpoena to  
3 testify here today, did you contact Philip Morris?

4 A. Yes, but I'll just -- they called me and  
5 told me I would be receiving a subpoena, so when I  
6 received the subpoena I contacted Philip Morris.  
7 That was the sequence.

8 Q. Who contacted you from Philip  
9 Morris and told you that you would be receiving a  
10 subpoena?

11 MR. HOWARD: Let me just object and  
12 caution the witness if it was an attorney you can  
13 answer "yes" or "no" that this was the person that  
14 contacted you, but don't get into the substance of  
15 any communications.

16 Q. With that caveat, Mr. Howard  
17 contacted you?

18 A. Yes.

19 Q. Did you have a conversation on the  
20 phone with Mr. Howard at that point?

21 MR. HOWARD: You can say "yes" or  
22 "no."

23 A. Yes.

24 Q. Did you meet with any attorneys  
25 prior to your deposition this morning?

2062811799



1 A. Yes.

2 Q. When was that?

3 A. This morning.

4 Q. Was that the first time you met  
5 with attorneys?

6 A. Yes.

7 Q. Who did you meet with?

8 A. These three attorneys.

9 Q. Was anybody else there?

10 A. No.

11 Q. How long did your meeting last?

12 A. Two to three hours. Three hours, I guess.

13 Q. And the attorneys here include Ms.  
14 Gilbert?

15 A. Yes.

16 Q. Did you know Ms. Gilbert before  
17 today?

18 A. Yes.

19 Q. And how did you know Ms. Gilbert?

20 A. Philip Morris.

21 Q. Did you have a professional  
22 relationship with her at Philip Morris?

23 A. Yes.

24 Q. Did you seek legal advice from  
25 Ms. Gilbert at all during your tenure at Philip

2062811800

CONFIDENTIAL

T. Goodale

CONFIDENTIAL

1 Morris?

2 MR. HOWARD: Objection. You can  
3 say "yes" or "no," but don't get into the  
4 substance.

5 MR. SHUB: It's not an objection,  
6 then, it's just a caution.

7 MR. HOWARD: That's fine, I just  
8 wanted to stop him from answering.

9 A. Yes.

10 Q. Yes, you have?

11 A. Yes.

12 Q. Without getting into the substance  
13 of the advice you sought, in what subject area did  
14 you seek advice?

15 MR. HOWARD: Objection.

16 I instruct him not to answer in  
17 that it invades the attorney/client privilege.

18 Q. Did I ask you maybe just a few  
19 seconds ago whether you reviewed documents, I  
20 think I asked you that and you answered "no"?

21 A. You didn't.

22 Q. And now I am asking.

23 A. Yes, I reviewed some documents this  
24 morning.

25 Q. Okay.

2062811801

CONFIDENTIAL

T. Goodale

CONFIDENTIAL

11

1                   Would you say you reviewed more  
2                   than ten documents this morning?

3           A.           Just about ten.

4           Q.           Did any of those documents refresh  
5           your memory as to any of the events that were  
6           contained or described in the documents?

7           A.           No.

8           Q.           Is that because you already  
9           remembered everything that was in the document, or  
10           by reading it didn't help you remember?

11          A.           I did not remember any of the documents  
12          that were presented this morning. And all I can  
13          say is as I saw them, I saw my name on them, but I  
14          hadn't remembered that I had written them or  
15          whatever, so --

16          Q.           Okay.

17                   Do you have an understanding,  
18          Mr. Goodale, as to what the plaintiffs in this  
19          case are seeking?

20                   Let me rephrase that.

21                   Do you have any understanding as to  
22          what --

23                   I'm going to withdraw that  
24          question.

25                   You attended college, sir?

2062811802

CONFIDENTIAL

T. Goodale

CONFIDENTIAL

1 A. Yes.

2 Q. Where?

3 A. Yale.

4 Q. What year did you graduate?

5 A. 1959.

6 Q. With a degree in what?

7 A. Bachelor of science and industrial  
8 administration.

9 Q. Did you pursue a postgraduate  
10 degree?

11 A. Shortly, only for a short time.

12 Q. Did you complete it?

13 A. No.

14 Q. What is your understanding of the  
15 field of industrial administration? What is  
16 industrial administration?

17 A. What was the degree?

18 Q. Well, that's the degree?

19 A. Generally at Yale it was a business type of  
20 degree with an engineering flavor to it.

21 Q. After graduating in '59 did you  
22 pursue employment?

23 A. Yes.

24 Q. Where?

25 A.

**REDACTED**

2062811803

CONFIDENTIAL

T. Goodale

CONFIDENTIAL

1 Q.

2 A.

3 Q.

4 A.

5 Q.

6 A.

7 Q.

8

9

10 A.

11

12

13 Q.

14

15 A. To Philip Morris.

16 Q. And that was in '66?

17 A. Yes.

18 Q. And you were with Philip Morris  
19 from '66 until you retired in '93?

20 A. Yes.

21 Q. Twenty-seven years in Richmond?

22 A. No.

23 Q. How many years in Richmond?

24 A. None.

25 Q. All 27 years here in New York?

CONFIDENTIAL

T. Goodale

CONFIDENTIAL

14

1 A. No.

2 Q. Okay.

3 A. Ten years, I joined Philip Morris in the  
4 razor blade side, American Safety Razor Company,  
5 and lived in London for ten years working in the  
6 razor blades.

7 Q. And then when did you become  
8 involved in Philip Morris's tobacco business?

9 A. 1976.

10 Q. And you were involved in the  
11 tobacco business from '76 until when?

12 A. I worked for Philip Morris, USA.

13 Q. Can explain what you mean by  
14 tobacco business?

15 A. Well --

16 Q. From '76 to 1993 did your  
17 professional responsibilities have anything to do  
18 with Philip Morris's manufacture or sale of  
19 cigarettes?

20 A. Yes.

21 Q. All that -- that period?

22 A. Yes.

23 Q. In 1976 what was your position?

24 A. 1976 I was manager of commercial  
25 development.

CONFIDENTIAL

T. Goodale

CONFIDENTIAL

15

1 Q. And where was that position  
2 physically located?

3 A. New York City.

4 Q. What did the manager of commercial  
5 development do? What did you do in that position?

6 A. That -- I would say I did that for two  
7 years. And that was more really a training area  
8 to learn about the tobacco business from an  
9 operations point of view, and I reported to the  
10 vice president of operations administration.

11 Q. When you say operations of the  
12 tobacco business, what do you mean by that?

13 A. It was in the manufacturing side,  
14 understanding the tobacco business.

15 Q. Understanding it? As you know,  
16 better than I, it has a lot of facets to it, the  
17 tobacco business. So I'm trying to understand  
18 which facet your focus was on.

19 You said manufacturing, did the  
20 Philip Morris Company manufacture cigarettes in  
21 New York City?

22 A. No.

23 Q. They were manufactured in Richmond?

24 A. Yes.

25 Q. Were they manufactured anywhere

CONFIDENTIAL

T. Goodale

CONFIDENTIAL

1 else other than Richmond?

2 A. In Carbaras (phonetic), in Louisville.

3 Q. As a general matter, what were you  
4 learning about with respect to the manufacturing  
5 side of the business during those two years?

6 You weren't learning about how to  
7 cure tobacco or make cigarettes?

8 A. No, it was on the operations side. It was  
9 the -- or the manufacturing side. It was the  
10 equipment, capital appropriations. And then on  
11 the research and development side was the  
12 development of cigarettes.

13 Q. What was your job or -- strike  
14 that.

15 In the first two years is it fair  
16 to say you were in the learning mode?

17 A. That's right.

18 Q. What were you learning with respect  
19 to the R & D? What was your role? You are not a  
20 scientist; correct?

21 A. No.

22 Q. You are not a chemist; are you?

23 A. No.

24 Q. You are not a pharmacologist?

25 A. No.

2062811807



1 Q. What were you learning about with  
2 respect to research and development of Philip  
3 Morris?

4 A. Construction of a cigarette.

5 Q. Who did you interface with at R & D  
6 during that period?

7 A. I'm just going to make one comment.

8 Q. Sure.

9 A. If you move on for what I did for the rest  
10 of the time it would bring it all together, and  
11 it's not -- I would feel better if you can put it  
12 all together, because it's hard to remember what  
13 those first two years were like.

14 Q. I understand that, and that's a  
15 fair point and I am going to get to that in just a  
16 moment. I just want to get to this question,  
17 though, about the R & D.

18 Is there someone at R & D that you  
19 were taught by, or you learned from, or someone  
20 that sort of instructed you about what R & D was?

21 And when you say "R & D," you do  
22 mean the Richmond facility?

23 A. Yes, the facility in Richmond.

24 Q. Who was your sort of contact point  
25 there?

CONFIDENTIAL

T. Goodale

CONFIDENTIAL

1 A. At that time it was my boss, it was my  
2 person that was leading me.

3 Q. Who was your boss then?

4 A. Frank Resnik.

5 Q. What was Resnik's position at that  
6 point?

7 A. Vice president of operations  
8 administration.

9 Q. Is it fair to say, then,  
10 Mr. Goodale, that you did not have a contact  
11 person at the facility in Richmond that was in the  
12 R & D department?

13 MR. HOWARD: Objection.

14 Q. You said Mr. Resnik was your  
15 contact person, was Mr. Resnik in R & D?

16 MR. HOWARD: Objection.

17 MR. SHUB: You can answer.

18 MR. HOWARD: When I object, I'm  
19 just objecting for the record. Once I've finished  
20 my objection you may answer the question, unless I  
21 give you an instruction not to answer.

22 If you have the question in mind  
23 you may answer.

24 A. I said Resnik was my mentor, not my  
25 contact.

CONFIDENTIAL

T. Goodale

CONFIDENTIAL

1 Q. Did you deal with Dr. Seligman  
2 there?

3 A. I say, you asked for a contact. I had no  
4 particular contact, I had a whole bunch of  
5 interrelationships with people in Richmond, so --

6 Q. Okay, how did it come about that  
7 you switched over from the non-tobacco side to the  
8 tobacco side in 1976?

9 A. They sold the razor blade business and so I  
10 just moved over to the tobacco.

11 Q. Had you known anything about the  
12 tobacco business prior to 1976?

13 A. Nothing.

14 Q. When you left the company in 1993  
15 at that point would you say you were familiar with  
16 the tobacco business?

17 A. Relatively so, yes.

18 Q. What areas would you say that you  
19 were most familiar with?

20 A. When you say "familiar," could you explain  
21 what you mean by "familiar"?

22 Q. Sure, would you be more comfortable  
23 with the word "expertise" or "most knowledgeable"?

24 A. Knowledgeable.

25 Q. Okay, let's use that word.

2062811810

1                   What areas would you say you were  
2 most knowledgeable with respect to the tobacco  
3 business?

4       A.       Probably in sales administration, and  
5 secondly would be the operations administration.

6       Q.       And when you use the term "sales  
7 administration," what, in your mind, are you  
8 referring to?

9       A.       I'm referring to the running of the section  
10 offices, people planning for the sales force.  
11 Administrative things that need to be done in the  
12 offices.

13       Q.       And when you refer to the  
14 operations administration, is there, in your mind,  
15 a difference?

16       A.       Yes, because that's in the manufacturing  
17 side. That does not exist any more at Philip  
18 Morris, but it is the administration staff kind of  
19 job that administrates or organizes for the  
20 operations side of the business, manufacturing.  
21 You're changing -- manufacturing and operations is  
22 interchangeable here.

23       Q.       Sure.

24       A.       When I say "operations," I mean  
25 manufacturing operations.

2062811811

CONFIDENTIAL

T. Goodale

CONFIDENTIAL

1 Q. From '76 to '78 you were in New  
2 York; correct?

3 A. Yes.

4 Q. In 1978 you obtained a new position  
5 within the company?

6 A. Frank Resnik got promoted and I became  
7 director of operations administration.

8 Q. How long were you in that position?

9 A. To '86.

10 Q.

11 A.

12 Q.

13 A.

14 Q.

15 A.

16 Q.

17

18 A.

19

20 Q.

21 A.

22 Q.

23

24 A.

25 Q.

REDACTED

REDACTED

2062811812

1

2 A.

**REDACTED**

3 Q.

4

5 A.

6 Q. Did you ever serve as a panelist  
7 for Philip Morris with respect to the tasting of  
8 any cigarettes between '78 and '87?

9 MR. HOWARD: Tasting or testing?

10 MR. SHUB: Taste testing of  
11 cigarettes; how's that?

12 A. No.

13 Q.

14

**REDACTED**

15

16 A.

17 Q.

18 A.

19 Q.

20

21 A.

22 Q.

23

**REDACTED**

24

25

CONFIDENTIAL

T. Goodale

CONFIDENTIAL

1

2

A.

3

Q.

4

c

5

A.

6

Q.

7

8

9

10

11

Q.

12

13

14

A.

15

Q.

16

17

18

19

20

A.

21

Q.

22

23

24

25

REDACTED

REDACTED

REDACTED

2062811814

1 A.

2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

REDACTED

Q.

REDACTED

Q. In 1986 did you change positions at the company?

A. Yes.

Q. And what was your position?

A. Director of sales operations.

Q. Who did you report to when you were director of operations administration, operation/administration?

A. To Wally McDowell. Then it was Mark Serrano. Then it was -- no, it was not Serrano, it was Jim Remington then Serrano. Remington was

2062811815



CONFIDENTIAL

T. Goodale

CONFIDENTIAL

1 before Serrano. And then it was -- who was it  
2 after that. That was it, Serrano's the last one.

3 Q. Who did you report to as director  
4 of sales operations?

5 A. I reported -- during the whole time, or at  
6 the end?

7 Q. Okay, let's start with in 1986.

8 A. Vince Spusalato (phonetic). I don't know  
9 how to even begin to spell that.

10 Q. And did that change over time as to  
11 who you reported to?

12 A. Wait a second, it wasn't Vince Spusalato, I  
13 reported to Larry Wexler, too, a while there. It  
14 was moving very fast.

15 Can't remember who I reported to  
16 first, but it was Larry Wexler, then the job  
17 changed a little bit and I reported to Mike  
18 Semansic. I can't remember who the first one was  
19 before that. Don't remember.

20 Q. And was that your last position  
21 until you retired?

22 A. Yes.

23 Q.

24

25 A.

**REDACTED**

2062811816

CONFIDENTIAL

T. Goodale

CONFIDENTIAL

1 Q. Did you attend meetings on a  
2 regular basis in Richmond?

3 A. Yes.

4 Q. Let's talk about when.

5 A. Yes, right.

6 Q. From the period from 1978 until  
7 your retirement, were you a regular attendee of  
8 meetings in Richmond?

9 MR. HOWARD: During the whole  
10 period?

11 MR. SHUB: Yes.

12 A. No, not during the whole period.

13 Q. What period would you say you  
14 attended meetings in Richmond?

15 A. Until 1986.

16 Q. And it started in '78 you say?

17 A. I think it started -- I think I attended  
18 some meetings earlier, but major things in '78.

19 Q. And once you became director of  
20 sales operations you were no longer attending  
21 meetings in Richmond on a regular basis?

22 A. That's right.

23 Q. What would be the occasion for you  
24 to attend meetings in Richmond during the period  
25 1978 to '86?

CONFIDENTIAL T. Goodale CONFIDENTIAL

1 A. There was a monthly meeting.

2 Q. Did it have a name?

3 A. It was called the Richmond meeting. They  
4 had many different names, but that would be for  
5 both R & D and for operations.

6 Q. Were there -- strike that.

7 They occurred fairly regularly on a  
8 monthly basis?

9 A. Yes.

10 Q. And were the attendees fairly  
11 constant?

12 A. Yes.

13 Q. And without naming by name but more  
14 by position, if you would, who would attend these  
15 monthly meetings?

16 A. It would be the president of USA; vice  
17 president of sales -- not sales, but vice  
18 president of operations. There would be -- those  
19 were the, if I can remember correctly, those were  
20 the regular ones from New York. Myself, sometimes  
21 market research, and then it would be vice  
22 president of research and development, vice  
23 president of operations. It would be, on the  
24 first day, directors from the R & D area.

25 Q. I'm sorry, on the first day?

2062811818

1 A. It was usually a two-day meeting.

2 Q. Okay.

3 A. Or it could be a one-day meeting, depending  
4 on the timing of executives. And then the second  
5 day would be on the operations side, so you have  
6 directors from the operations manufacturing area.

7 Q. What was your understanding as to  
8 why these monthly meetings were held, these  
9 Richmond meetings?

10 A. Well, I would say there were a few  
11 reasons. One was basic communication and New York  
12 interest in what's happening in Richmond. That  
13 would be with the president and vice president  
14 with operations coming down.

15 The second reason would be the  
16 presentation by operations of capital projects,  
17 that they would like to put in to buy equipment  
18 and all this, so there would be presentations at  
19 it. So usually finance people would be there  
20 sometimes.

21 And then there was the new product  
22 development meeting.

23 Q. Was that part of the Richmond  
24 meeting?

25 A. That's part of the Richmond meeting.

2062811819

1 Q. Okay.

2 A. And that would be the discussion of  
3 development of new products. And occasionally you  
4 have marketing people there.

5 Q. Were research results also  
6 discussed at these Richmond meetings?

7 MR. HOWARD: Objection.

8 Q. For the R & D folks.

9 A. I don't know what kind --

10 THE WITNESS: When you say  
11 "objection --"

12 MR. HOWARD: If you can understand  
13 the question you can answer.

14 THE WITNESS: I don't know what he  
15 meant by "research" is what I don't understand.

16 MR. SHUB: I know that term  
17 "research" is very complicated. I understand  
18 Alan's having trouble with that term.

19 MR. HOWARD: It's very broad.

20 THE WITNESS: I'm not sure what  
21 results you're talking about. Let's try it  
22 again.

23 A. Okay.

24 Was research conducted at the  
25 Richmond facilities, R & D, as far as you know?

2062811820

CONFIDENTIAL

T. Goodale

CONFIDENTIAL

1 MR. HOWARD: Objection.

2 What kind of research?

3 MR. SHUB: It's too broad?

4 MR. HOWARD: Well, if he can answer  
5 it.

6 A. Well, it's called research and development  
7 department, I guess they had research going.

8 Q. That's a fair assumption, but were  
9 any of the projects at the research center  
10 discussed at the Richmond meetings?

11 A. Yes.

12 Q. Were any -- when I use the term  
13 "research results" do you have an understanding  
14 of what that means?

15 A. No, I can think of five or six different  
16 things. I don't know, results of what?

17 Q. Okay.

18 A. If you say something, get the result of  
19 this, whatever, I can say "yes" or "no."

20 Q. Okay.

21 A. But right now, I just generally can't  
22 generalize.

23 Q. Were you in attendance when --  
24 Strike that.

25 Were presentations made by people

2062811821

CONFIDENTIAL

T. Goodale

CONFIDENTIAL

1 that were at the R & D facility? Were  
2 presentations made at the Richmond meeting by  
3 R & D people?

4 A. Yes.

5 Q. Were you in attendance when those  
6 types of presentations were made?

7 A. I would say most of the time, during that  
8 period.

9 Q. The period '78 to '86?

10 A. Right.

11 Q. As far as you know, Mr. Goodale,  
12 how --

13 Strike that.

14 As far as you know, did the Richard  
15 meetings continue after you stopped attending them  
16 in 1986?

17 A. (Gesture.)

18 Q. You don't know what happened?

19 A. I don't know exactly what happened. I  
20 assume they did, but I can't say.

21 Q. Do you know when the Richmond  
22 meetings first started happening at the company?  
23 In other words, it was it prior to 1978?

24 A. All I know is prior to '78, I don't know  
25 when.

2062811822

CONFIDENTIAL

T. Goodale

CONFIDENTIAL

1 Q. Did you -- were you in attendance  
2 at meetings where new products were discussed?  
3 Development of new products, excuse me.

4 A. Yes.

5 Q. Did you have a role in developing  
6 new products?

7 MR. HOWARD: Objection.

8 A. It's hard to answer that question.

9 Q. Okay.

10 A. Because I didn't have -- did I have a  
11 role -- I had a role, but not in developing the  
12 products. But I had a role in the process.

13 Q. That's clear.

14 And what process were you referring  
15 to with the development of a product?

16 A. The administration.

17 Q. And what are you referring to when  
18 you say "administration"?

19 A. In my role in operations administration, I  
20 basically took the information that was given,  
21 maybe established by the vice president or  
22 whatever, on a new product that was discussed at a  
23 meeting, and made notes related to that. And then  
24 basically circulated those notes so that people  
25 had an idea of what was discussed at the meeting.



CONFIDENTIAL

T. Goodale

CONFIDENTIAL

1 I was more or less a scribe related to what was  
2 going on. Coordinator, doing an administrative  
3 function for the director of manufacturing  
4 operations, because R & D reported to him at that  
5 time.

6 So when I say a role, my role was a  
7 coordinator or scribe, or whatever, regarding the  
8 development of a cigarette.

9 Q. Did you ever play a role in  
10 suggesting types of cigarettes that Philip Morris  
11 should attempt to develop?

12 A. No.

13 Q. Did you ever play a role in any  
14 marketing research that Philip Morris conducted in  
15 terms of its development of development of new  
16 products?

17 A. Going to have to explain again, it was a  
18 coordinating role.

19 Q. Okay.

20 A. If a product needed to be panel tested,  
21 then it was my job to coordinate whatever they  
22 wanted to test with a market research or a panel  
23 department. So, to make sure you get done, under  
24 the umbrella, again, of the operations  
25 administration.

CONFIDENTIAL

T. Goodale

CONFIDENTIAL

1 Q. Okay. Was your attendance at the  
2 Richmond meeting, as we call it, the only reason  
3 why you would come down to Richmond on a regular  
4 basis?

5 A. No, I was, again, on the operations side  
6 regarding capital programs. Sometimes I would  
7 come down by myself to discuss what programs they  
8 were working on and prepare for the up and coming  
9 meetings.

10 Q. In your attendance at the Richmond  
11 meetings, was the topic of the health consequences  
12 of smoking ever discussed?

13 A. No.

14 Q. At your meetings, the Richmond  
15 meetings that you attended, did anyone ever  
16 suggest research that should be conducted at  
17 Philip Morris? Any type of research.

18 Let me rephrase it.

19 While you were at Philip Morris  
20 attending the meetings in Richmond, was it ever  
21 suggested by anyone that Philip Morris conduct  
22 research into health consequences of smoking?

23 A. No. The answer is, no. Related to --  
24 there was never any discussion related to either  
25 or.

2062811825

CONFIDENTIAL

T. Goodale

CONFIDENTIAL

1 Q. During your attendance at the  
2 Richmond meetings, was any Surgeon General's  
3 report related to smoking ever discussed?

4 A. Not that I can remember.

5 Q. Were attorneys present during the  
6 Richmond meetings?

7 A. Occasionally.

8 Q. Which attorneys from Philip Morris  
9 were present at those meetings on the occasional  
10 basis of when they were there?

11 A. There may be others, but the only one I can  
12 remember is Alex Holtzman.

13 Q. Do you know Dr. Dunn, William Dunn?

14 A. Yes, I know Dr. Dunn.

15 Q. On what basis do you know him?

16 A. I would say on a casual basis. I see him  
17 once in a while, and he would go to Richmond.

18 Q. Did Dr. Dunn attend the Richmond  
19 meetings when you were there?

20 A. I would say occasionally.

21 Q. Did Dr. Dunn ever speak at the  
22 meetings when you were there?

23 A. Occasionally.

24 Q. Did Dr. Dunn ever make a  
25 presentation?

2062811826

CONFIDENTIAL

T. Goodale

CONFIDENTIAL

1 A. I believe so.

2 Q. What was your understanding of what  
3 Dr. Dunn's work was at Philip Morris?

4 A. I was going to say psychological, but  
5 that's not right. He is some kind of behavioral  
6 research, something like that. I'm not sure.

7 Q. Did you ever hear of Dr. Dunn being  
8 referred to as the "Nicotine Kid" at Philip  
9 Morris?

10 A. No.

11 Q. Have you ever, since your  
12 retirement at Philip Morris, ever seen in the  
13 press any excerpts or quotes from reports that  
14 Dr. Dunn authored while he was at Philip Morris?

15 A. No.

16 Q. Are you a regular reader of the  
17 newspaper, Mr. Goodale?

18 A. I'm a reader of the Internet. I'm not  
19 necessarily a regular reader of a newspaper any  
20 more.

21 Q. Do you read any newspapers on-line?

22 A. Occasionally the Boston Globe.

23 Q. You and I are alike, there, sir.

24 (Discussion off the record.)

25 Q. Do you read anything about the

2062811827

CONFIDENTIAL

T. Goodale

CONFIDENTIAL

1 business of tobacco on the Internet?

2 A. Yes.

3 Q. What sites do you go to?

4 A. There's one site, Yahoo!, and it gives you  
5 the latest happenings and news reports on trials  
6 like the Florida case and things like that.

7 Q. Sure, very familiar with it.  
8 Have you on the Internet read  
9 any --

10 I'm going to withdraw that  
11 question.

12 Did Dr. Dunn ever make a  
13 presentation about why people smoke cigarettes at  
14 a Richmond meeting?

15 A. I can't remember him presenting one.  
16 That's not to say he didn't do one.

17 Q. Did you ever hear, while you were  
18 at the company, anyone from the company articulate  
19 the view that people smoke cigarettes for  
20 nicotine?

21 A. Never.

22 Q. Did you ever hear of nicotine  
23 referred to as a drug while you were at the  
24 company? In any context?

25 Mind you, these are not

2062811828

CONFIDENTIAL

T. Goodale

CONFIDENTIAL

1 questions -- I just want you to be --

2 A. I've read in the press.

3 Q. I'm wondering about what happened  
4 at Philip Morris, not what happened in the press  
5 while you were there at Philip Morris?

6 A. You want to rephrase it again.

7 Q. Sure.

8 While you were at Philip Morris,  
9 did you ever hear of anyone at the company refer  
10 to nicotine as a drug?

11 A. No.

12 Q. Did you ever hear anyone talk about  
13 the pharmacological effects of nicotine?

14 A. No.

15 Q. Did you ever hear anyone at the  
16 company suggest that nicotine should be increased,  
17 that the content of nicotine should be increased  
18 or decreased in a particular cigarette brand?

19 A. No.

20 Q. Did you ever hear anyone at the  
21 company talk about increasing or decreasing tar  
22 levels in a cigarette?

23 A. Yes.

24 Q. Are you familiar with a  
25 Dr. DeNoble, Victor DeNoble?

2062811829

CONFIDENTIAL T. Goodale CONFIDENTIAL

1 A. I remember him working at Philip Morris,  
2 but I did not know him very well.

3 Q. Did he ever attend a Richmond  
4 meeting, as far as you remember?

5 A. He may have, I don't know. He may have.

6 Q. Are you familiar with a Dr. Levy,  
7 Caroline Levy?

8 A. Yes.

9 Q. Did you have a professional  
10 relationship with Dr. Levy?

11 A. Yes.

12 Q. Was that relationship -- strike  
13 that.

14 Describe your relationship you had  
15 with Dr. Levy.

16 A. She worked with me in New York for a year  
17 and a half.

18 Q. And what was your position at that  
19 time?

20 A. Director of operations, manufacturing  
21 operations.

22 Q. And what was Dr. Levy doing at that  
23 point?

24 A. She was -- she came to New York to learn  
25 about how New York operated, and she worked for me

CONFIDENTIAL

T. Goodale

CONFIDENTIAL

1 related to some of the market research  
2 coordination. That type of thing.

3 MR. HOWARD: Do you mind if we take  
4 a little break?

5 MR. SHUB: Sure.

6 (Short recess.)

7 Q. Do you recall the circumstances  
8 surrounding Dr. DeNoble's departure from the  
9 company?

10 A. No.

11 Q. Have you seen Dr. DeNoble testify  
12 in front of Congress?

13 A. No.

14 Q. At all?

15 A. No.

16 Q. Have you read about his testimony?

17 A. I don't believe so. I might have, but I  
18 don't -- I might have.

19 MR. SHUB: Can we mark this first  
20 exhibit, please, as Goodale Exhibit 1.

21 (Exhibit 1 marked for  
22 identification.)

23 Q. Sir, I have placed before you  
24 what's been marked as Goodale Exhibit 1, it's  
25 Bates stamped 000017949 through 51. And I ask you

2062811831



CONFIDENTIAL

T. Goodale

CONFIDENTIAL

1 to take a look at it.

2 A. Okay, I've looked at it.

3 Q. Your name appears on the "cc" list  
4 on the second page of the exhibit; is that  
5 correct?

6 A. Yes, it's on the written page here.

7 Q. Does that indicate that you were an  
8 attendee where these items that are on this  
9 exhibit, under the heading "Richmond Meeting March  
10 13, 1979," were discussed?

11 A. I would say no.

12 Q. Why is that?

13 A. Normally I wrote the minutes, so it looks  
14 like I wasn't there and they sent it to me as an  
15 afterthought.

16 Q. Did you ever hear cigarettes  
17 referred to as having "impact"?

18 A. Yes, I would say that's a term of how a  
19 cigarette might taste.

20 Q. Is that what you understand that to  
21 mean?

22 A. It's a taste impact, yes.

23 Q. Did you ever hear a Philip Morris  
24 discussion of how nicotine tasted?

25 A. Never.

2062811832

CONFIDENTIAL

T. Goodale

CONFIDENTIAL

1 Q. Did you ever hear a discussion  
2 where the smell of nicotine was discussed?

3 A. Never.

4 Q. Did the word "nicotine" ever come  
5 up in any meetings that you ever attended at  
6 Philip Morris?

7 A. Yes.

8 Q. In what context did that term come  
9 up?

10 A. When you analyzed a cigarette for a tar  
11 level they automatically gave the nicotine level  
12 as well, because the FTC ruling, you always had on  
13 a package tar and nicotine level. So basically a  
14 tar level, and you have a nicotine level as a  
15 fallout.

16 Q. Sort of an afterthought?

17 A. Yeah, because the cigarette's developed for  
18 a tar level.

19 Q. Never developed for a nicotine  
20 level; correct?

21 A. As far as I'm concerned, no, never.

22 Q. Were tar levels specified in terms  
23 of new product development to try to develop a  
24 cigarette that had a certain tar level?

25 A. More in a full flavor, lights, ultra light

1 category.

2 Q. But of course -- strike that.

3 But nicotine was never thought of  
4 in any kind of category; correct?

5 A. As far as I know.

6 Q. It never came up in a Richmond  
7 meeting; correct?

8 A. Not that I know of.

9 Q. Do you know what the term "RL  
10 flavors" means? It's referenced on page 2 of the  
11 exhibit.

12 A. That would be the flavors added on to the  
13 RL sheet.

14 Q. And "RL sheet" being the  
15 reconstituted leaf sheet?

16 A. That's correct.

17 Q. What is your knowledge of the  
18 actual manufacturing process that goes into making  
19 reconstituted leaf tobacco?

20 A. All I know, it is a papermaking process.

21 Q. You know nothing more about it than  
22 that?

23 A. I know nothing more than that.

24 Q. Were you ever given a tour of the  
25 RL manufacturing facilities?

CONFIDENTIAL

T. Goodale

CONFIDENTIAL

1 A. Yes, I was.

2 Q. When was that?

3 A. During this time, '76 to '86.

4 Q. Who gave you that tour?

5 A. Oh, I don't remember who was head of it at  
6 the time. There were two or three heads.

7 Q. Do you know who was responsible at  
8 the RL plant who was the --

9 I'm going to withdraw that.

10 MR. SHUB: Mark that.

11 (Exhibit 2 marked for  
12 identification.)

13 MR. HOWARD: I just want to note  
14 for the record what's been marked as Exhibit 2,  
15 the first page has been marked as "confidential,"  
16 the remaining pages don't have that mark on them.  
17 But since it's being used as a single exhibit, I  
18 would request that the entire exhibit be treated  
19 as confidential.

20 And in addition to this, I would  
21 ask that the deposition be marked as confidential  
22 pursuant to the order in Arch, and according to  
23 that order, we have a time period in which to  
24 designate portions of the transcript as  
25 confidential. We would take advantage of that

2062811835

CONFIDENTIAL

T. Goodale

CONFIDENTIAL

45

1 provision in the order.

2 Q. Sir, I've placed before you what's  
3 been marked as Goodale Exhibit 2, Bates stamped  
4 201005581.

5 MR. HOWARD: I think that's 65881.

6 MR. SHUB: I'm sorry, 65881. The  
7 next page is 83, 84, and 87, so these are not in  
8 sequence completely. But this is how the document  
9 was produced to us.

10 Q. Anyhow, is this your handwriting --

11 A. No.

12 Q. -- on this document?

13 A. No.

14 Q. Did you attend -- it says "R & D"  
15 at the top, so I'm going to make the assumption  
16 it's an R & D meeting, notes of an R & D meeting.

17 Did you attend R & D meetings  
18 during the period that you were attending meetings  
19 in Richmond from '78 to '86?

20 A. Yes, I did. It's also a manufacturing  
21 meeting, just to tell you. On the back.

22 Q. Did you also attend manufacturing  
23 meetings?

24 A. Yes.

25 Q. Do you recall -- and you'll see on

2062811836

CONFIDENTIAL

T. Goodale

CONFIDENTIAL

1 the first page there is a -- next to the number  
2 14.

3 A. Uh hum.

4 Q. There is a note, "Nicotine  
5 Reduction."

6 Without specifically remembering  
7 whether that topic was discussed on April 17, 1979  
8 at this meeting, do you recall that topic ever  
9 being discussed at a meeting you attended?

10 A. Yes.

11 Q. Nicotine reduction?

12 MR. HOWARD: Just want to make an  
13 objection to the predicate to the question, since  
14 there's no foundation laid that you were there on  
15 that date. And without the predicate, I don't  
16 have the problem with the question. You can  
17 answer.

18 Q. Do you recall the subject of  
19 nicotine reduction being discussed at a meeting  
20 you attended?

21 A. Yes.

22 Q. And what was discussed about  
23 nicotine reduction at --

24 Well, let me rephrase it.

25 Do you recall that coming up at a

2062811837

CONFIDENTIAL

T. Goodale

CONFIDENTIAL

1 particular meeting that you have in your mind?

2 A. No.

3 Q. You just recall it as a more  
4 general matter?

5 A. Yes.

6 Q. And as a more general matter, what  
7 do you recall was discussed about nicotine  
8 reduction?

9 A. After Philip Morris bought General Foods,  
10 the idea of making a decaffeinated cigarette, so to  
11 speak, the way we make decaffeinated coffee, was to  
12 make a denicotized cigarette, and there was  
13 discussions related to that.

14 Q. Do you remember any meeting  
15 discussions about marketing this denicotized  
16 cigarette?

17 A. The only way I can answer that is if we're  
18 going to develop a cigarette, then the ultimate  
19 thing was to test market. So my answer is, we  
20 wouldn't. It's not worth the effort.

21 Q. Did you have a role in the roll out  
22 in any way of Next?

23 A. Absolutely not.

24 Q. Were you at the company when Next  
25 was --

2062811838

CONFIDENTIAL

T. Goodale

CONFIDENTIAL

1 A. Yes.

2 Q. -- tested?

3 A. Yes.

4 Q. Was Next eventually taken off the  
5 market by Philip Morris?

6 A. Yes.

7 MR. HOWARD: Objection.

8 Q. Do you recall that happening?

9 A. Yes.

10 Q. Why was it taken off the market, as  
11 far as you understand it?

12 A. That was a marketing decision at the time,  
13 so I really don't know all the reasons. But it  
14 was a marketing decision.

15 Q. Without telling me all the reasons,  
16 do you know any of the reasons why it was taken  
17 off the market?

18 A. Normally it doesn't sell enough.

19 Q. Is that your understanding as to  
20 why Next was taken off the market?

21 A. I really don't know the answer why it was  
22 actually -- all the reasons why it was taken off.  
23 I only can speculate.

24 Q. Were you privy to any discussions  
25 at Philip Morris as to why Philip Morris was

2062811839



CONFIDENTIAL

T. Goodale

CONFIDENTIAL

1 interested in producing a denicotized cigarette?

2 A. The logic was that decaffinated coffee can  
3 sell, we'll see if the consumer would like a  
4 denicotized cigarette.

5 Q. Now are you testifying based on  
6 what your logic is, as you sit here today, or is  
7 that the logic you discussed at Philip Morris?  
8 Because I'm much more interested in what you  
9 discussed at Philip Morris.

10 A. I really -- what was discussed as the logic  
11 for developing the Next cigarette, I can't  
12 answer. All I can say is that sort of, as I  
13 understood it, this was a viable concept, as  
14 was -- the analogy I can only give you is the  
15 coffee.

16 Q. Do you recall being at meetings  
17 where the status of the development of Next was  
18 reported?

19 A. I'm trying to remember if I was -- it was  
20 right at the end of my tenure when it was  
21 developed. I can't remember when it was developed  
22 offhand, but I know I was at some of the early  
23 discussions of the process to denicotize tobacco,  
24 that's all I can remember.

25 MR. SHUB: Mark this next one as

2062811840

CONFIDENTIAL

T. Goodale

CONFIDENTIAL

1 Exhibit 3.

2 (Exhibit 3 marked for  
3 identification.)

4 Q. The court reporter has placed  
5 before you, sir, what has been marked as Goodale  
6 Exhibit number 3, Bates stamped 2010065879 through  
7 80.

8 It appears to be minutes of a  
9 Richmond meeting --

10 A. Yes.

11 Q. -- on April 17, 1979.

12 Were you ever privy to a discussion  
13 regarding where vents in a cigarette filter were  
14 positioned?

15 A. Privy of where vents --

16 Q. The placing of vents.

17 A. No, I understand "vents," but you mean  
18 where one puts vents?

19 Q. In the filter.

20 A. Yes, but I don't know -- what do you mean  
21 "privy"?

22 Q. When you ever part of a discussion?

23 A. Oh, part -- was I have part of a  
24 discussion. I was at -- they would present, when  
25 they went to electrostatic producing, then they

CONFIDENTIAL

T. Goodale

CONFIDENTIAL

51

1 discussed how the electrostatic would work on the  
2 filter paper. So, yes, when they bought that  
3 equipment where it was put on so the lips wouldn't  
4 cover, so I was there when that was discussed, if  
5 that's what you mean.

6 Q. Were you ever part of a discussion  
7 about the reliability of the FTC reporting of tar  
8 and nicotine levels?

9 MR. HOWARD: I just want to object,  
10 because I think the conversation is getting a  
11 little confused or imprecise with respect to part  
12 of a discussion as opposed to being present where  
13 others discussed --

14 THE WITNESS: Right, I was confused  
15 by the privy.

16 Q. Well, let me rephrase it then.

17 Were you ever in attendance at a  
18 meeting where the FTC's method for measuring tar  
19 and nicotine was discussed?

20 A. Yes, I was.

21 Q. What was discussed about that  
22 subject?

23 A. I don't remember. I only remember the FTC  
24 method had been discussed. There was something  
25 that went on many years ago regarding -- I don't

1 know if it was publicity, I don't remember it  
2 being very germane, but it was discussed. But all  
3 I can say is I don't remember exactly.

4 Q. Did you ever hear anyone at a  
5 meeting at Philip Morris say that the FTC method  
6 for measuring tar and nicotine was not a reliable  
7 measurement for how people actually smoked  
8 cigarettes?

9 A. That's a difficult question to answer.

10 I only can answer it by that the  
11 FTC method was discussed as being a relative kind  
12 of measure to give the consumer an idea of what  
13 level of tar, based on the test.

14 Now, how people smoke and whatever,  
15 I know I have read that people smoke differently.  
16 But I don't think anybody said that the FTC method  
17 wasn't serving its proper purpose.

18 Q. But did anyone at Philip Morris say  
19 that it really --

20 A. No.

21 Q. -- wasn't reliable, in terms of  
22 measuring how people really smoke cigarettes?

23 A. I don't think I heard anybody say it was  
24 not reliable.

25 Q. Or that it wasn't accurate?

CONFIDENTIAL

T. Goodale

CONFIDENTIAL

1 A. I don't know what you mean by "accurate,"  
2 because it is accurate by measure, whatever the  
3 FTC required.

4 Q. I mean in terms of whether or not  
5 it actually measured the true nicotine and tar  
6 intake that a consumer was getting from that  
7 particular cigarette.

8 A. You really got me blocked up here. I look  
9 at the FTC measure as an average consumer if you  
10 have a range and a bell curve. But on the  
11 average, from that point, it's a reliable test. I  
12 don't know how else to answer your question.

13 Q. So in other words, it was  
14 discussed? Are you saying at Philip Morris that  
15 there was some sort of bell curve?

16 A. No, I --

17 MR. HOWARD: Objection,  
18 mischaracterizing the testimony.

19 A. No, when you asked me were they reliable,  
20 I'm saying everybody smokes different. I just  
21 used from my personal point of view the bell  
22 curve, which gives it an average. But was it a  
23 fair thing for the consumer to relate to --

24 Q. Was this notion of a bell curve and  
25 the FTC method ever discussed at Philip Morris?

CONFIDENTIAL

T. Goodale

CONFIDENTIAL

54

1 A. Not as far as I know, no.

2 Q. If you could turn over to page 2,  
3 and I want to point you to a section 8 to maybe --  
4 as a matter of refreshing your recollection, I  
5 want to ask you this question.

6 Were you ever in attendance where  
7 there was a discussion of Philip Morris needing a  
8 tool to control smoke nicotine levels?

9 A. No.

10 Q. Do you have any reason to doubt  
11 that Mr. Thomson took accurate notes?

12 MR. HOWARD: Objection.

13 A. Generally?

14 Q. Generally.

15 A. No, I believe that he would take accurate  
16 notes.

17 Q. Were you ever in attendance at a  
18 Philip Morris meeting where it was discussed that  
19 Philip Morris needed to drop the nicotine levels  
20 10 to 15 percent in a cigarette?

21 A. I don't remember being in a meeting  
22 where --

23 Q. You don't remember?

24 A. As I mentioned to you, I don't think I was  
25 at this meeting because I would have written the

CONFIDENTIAL

T. Goodale

CONFIDENTIAL

1 notes.

2 Q. But that's not limiting it to this  
3 meeting, in particular, I'm asking any meeting.

4 A. Oh, no. No.

5 MR. SHUB: Let's mark this next  
6 one.

7 (Exhibit 4 marked for  
8 identification.)

9 THE WITNESS: I must have been away  
10 in June in '79.

11 Q. Mr. Goodale, I've placed before you  
12 what the court reporter has marked as Exhibit 4,  
13 it's Bates stamped 00017891 through 94, and ask  
14 you to take a look at that.

15 A. Okay.

16 Q. Sir, were you ever in attendance at  
17 a meeting at Philip Morris where prototypical  
18 candidates for cigarettes were discussed?

19 A. Prototypes you mean?

20 Q. Yes.

21 A. Yes.

22 Q. Were you ever in a meeting where it  
23 was discussed that a nicotine level in a prototype  
24 cigarette should be increased, as it states on  
25 page 2 of this exhibit?

2062811846

CONFIDENTIAL

T. Goodale

CONFIDENTIAL

1 A. I cannot remember ever hearing anyone  
2 saying that the prototype nicotine should be  
3 increased, it was normally just the tar level.

4 Q. But you have no reason to doubt,  
5 sir, that Mr. Daniel, who was the author of this  
6 document, was taking accurate notes?

7 MR. HOWARD: Objection. No  
8 foundation.

9 You can answer, if you're able.

10 A. Generally he would probably take good  
11 notes.

12 Q. Is there any reason for you to  
13 believe that that particular note about increasing  
14 levels of nicotine in a prototype candidate was  
15 not -- was in any way an inaccurate note with  
16 respect to what was discussed at this meeting?

17 MR. HOWARD: Objection. No  
18 foundation.

19 You can answer, if you're able.

20 MR. SHUB: Ms. Gilbert, you look  
21 rather anguished, you are free to lodge any  
22 objections. So if you feel you need to comment,  
23 you can do that.

24 MR. HOWARD: Ms. Gilbert is  
25 deferring to me.

2062811847



CONFIDENTIAL

T. Goodale

CONFIDENTIAL

57

1 MR. SHUB: All right.

2 A. We're talking about a 1 or 2 milligram  
3 product. I don't know what we're talking about  
4 increasing nicotine levels, and so -- I mean, I  
5 would assume what he's put in there is correct.  
6 It's all relative.

7 Q. Were you a part of a discussion, or  
8 in attendance in a discussion where it was  
9 discussed how Philip Morris could increase the  
10 levels of nicotine in a cigarette?

11 A. The only time -- the time that I understand  
12 for increasing nicotine level would be a blend, a  
13 blend adjustment.

14 Q. Is there any other way that you  
15 understand that Philip Morris could increase  
16 nicotine in a cigarette?

17 A. No.

18 Q. Does Philip Morris, while you were  
19 with the company, did Philip Morris measure  
20 nicotine levels in cigarettes?

21 A. Oh, yes.

22 Q. At what point in the process of  
23 cigarette manufacture were nicotine levels  
24 measured?

25 A. I think -- I can't remember exactly when

2062811848

CONFIDENTIAL

T. Goodale

CONFIDENTIAL

1 they took the final tar, it was the tar  
2 measurements, and nicotine fell out related to, so  
3 I'm not sure. I can't remember where in the  
4 manufacturing process where they measured the tar  
5 level. And in the development cigarettes,  
6 obviously your prototype you measured the tar and  
7 the nicotine came out with it.

8 Q. But is it your testimony you're not  
9 certain as to what stage in the process nicotine  
10 levels are measured?

11 A. In the manufacturing process?

12 Q. Correct.

13 A. That's correct.

14 Q. Do you know whether it's measured  
15 at more than one stage of the manufacturing  
16 process?

17 A. No.

18 Q. Was that ever discussed at a  
19 meeting that you were --

20 A. No.

21 Q. -- in attendance?

22 MR. HOWARD: Please, let him  
23 finish.

24 THE WITNESS: I'm sorry.

25 A. No.

2062811849

1 Q. Were you ever in attendance at a  
2 meeting where it was discussed as to whether  
3 nicotine levels in a particular cigarette should  
4 be decreased?

5 MR. HOWARD: Objection.

6 Q. Other than the denicotized  
7 cigarette?

8 A. Not that I can remember.

9 Q. Do you have an understanding as to  
10 why Philip Morris would want to increase nicotine  
11 in a cigarette?

12 MR. HOWARD: Objection, no  
13 foundation that they would.

14 THE WITNESS: As I said before, the  
15 tar was the only thing that I understand that was  
16 focused on, except for the Next.

17 MR. SHUB: Number 5.

18 (Exhibit 5 marked for  
19 identification.)

20 THE WITNESS: I haven't read it  
21 all, but I'll wait until whatever you need to  
22 ask.

23 Q. Mr. Goodale, this exhibit has been  
24 marked as Exhibit 5 and placed before you by the  
25 court reporter bearing the Bates stamp 1000788244

1 through 246.

2 First, could you turn your  
3 attention to the last page and there's a  
4 handwritten note, a handwritten T-O-M, "Tom"; is  
5 that your handwriting?

6 A. That is my handwriting.

7 Q. And are you the author of this  
8 document, sir?

9 A. Now you have to -- I have to tell the  
10 process for creating this.

11 Q. Please, go ahead.

12 A. I would take the notes and then I would go  
13 back to the presenters, or the person responsible  
14 for whatever the product might be or whatever --  
15 sorry -- or some other subject I had no idea  
16 about, and I would give it to them to look over  
17 and they would say "no," "yes," edit it slightly,  
18 and then would take it to the vice president of  
19 operations and say well, this is the minutes do  
20 you want to read any of the particular topics to  
21 make sure you got what you want out of meetings  
22 for objectives concern. And then I would publish  
23 it.

24 Q. Did you believe when you published  
25 it that you were publishing accurate -- strike

2062811851

CONFIDENTIAL T. Goodale CONFIDENTIAL

1 that -- that you were recording accurate minutes  
2 of these meetings?

3 A. I'd have to say, yes.

4 Q. Looking down at the bottom of the  
5 first page.

6 A. Uh hum.

7 Q. It says under the heading  
8 "General," it says: "Application of WS to the  
9 cigarette paper was discussed and samples  
10 presented."

11 What is your understanding of what  
12 "WS" is?

13 A. That was a cooling substance that gave the  
14 -- a cooling sensation similar to menthol, but  
15 without the menthol flavor.

16 Q. And was that the same -- is that  
17 the same as WS 14?

18 A. I believe so.

19 Q. Do you know whether WS has a  
20 pharmacological effect?

21 A. Absolutely not.

22 Q. Was it ever discussed at Philip  
23 Morris as to whether it has a pharmacological  
24 effect?

25 A. I never heard it discussed at Philip

2062811852

1 Morris.

2 MR. SHUB: Mark that.

3 (Exhibit 6 marked for  
4 identification.)

5 Q. Mr. Goodale, I placed before you or  
6 the court reporter has placed before you what's  
7 been marked as Exhibit 6. It bears the Bates  
8 stamp number 1000787191 through 93. Is that your  
9 name?

10 A. That's my signature.

11 Q. And handwritten, is that actually  
12 your signature, is that just your shorthand?

13 A. Shorthand.

14 Q. Look on the first page, if you  
15 would, under the heading "Barclay." Could you  
16 read that to yourself for a moment.

17 A. Yes.

18 Q. Do you recall taking notes  
19 regarding the Barclay cigarette?

20 A. I do not.

21 Q. Do you recall a discussion at  
22 Philip Morris about whether or not a smoker was  
23 receiving more tar than the FTC smoking machine  
24 would indicate with respect to the smoking of the  
25 Barclay cigarette?

CONFIDENTIAL T. Goodale CONFIDENTIAL

1 MR. HOWARD: Objection.

2 Are you asking him does he recall  
3 that that occurred, or was being discussed at this  
4 meeting?

5 MR. SHUB: Being discussed.

6 A. How am I supposed to answer that? It's on  
7 the minutes.

8 Q. I asked you whether you have an  
9 independent recollection whether, now reading  
10 that, remembering that that discussion occurred  
11 while you were at Philip Morris.

12 A. That the Barclay cigarette, when smoked,  
13 tended to give a higher rating than what the  
14 cigarette machine might?

15 Q. Precisely.

16 A. Yes.

17 Q. Do you recall in that discussion a  
18 suggestion that the flow rates tended to cause a  
19 smoker to receive a higher tar intake than other  
20 cigarettes of conventional design?

21 A. I don't remember discussion, but I see  
22 what's written on the piece of paper.

23 Q. Did Philip Morris present a  
24 prototype that was similar to Barclay?

25 A. I can't remember if they did, but I'm

2062811854

CONFIDENTIAL

T. Goodale

CONFIDENTIAL

1 assuming they did.

2 Q. Was there ever discussion at Philip  
3 Morris that you were in attendance where it was  
4 discussed that a particular Philip Morris  
5 cigarette gave a reading that --

6 Strike that and let me rephrase  
7 it.

8 Was there a discussion at Philip  
9 Morris that you were in attendance where it was  
10 discussed that a particular Philip Morris  
11 cigarette, that the smoking of a particular Philip  
12 Morris cigarette would result in a smoker  
13 receiving more than the smoking machine was  
14 indicating?

15 A. On the average, no.

16 Q. I understand, I'm talking about a  
17 particular cigarette.

18 A. No.

19 Q. Philip Morris was referring to --  
20 this minute refers to a Barclay cigarette that was  
21 produced by B & W. My question:

22 While you were at Philip Morris,  
23 was there ever a counterpart to Barclay that was  
24 produced by Philip Morris where it was discussed  
25 that the smoker was receiving more tar than what

2062811855



CONFIDENTIAL

T. Goodale

CONFIDENTIAL

1 the smoking machine had indicated?

2 A. No.

3 Q. Is it your understanding, sir, that  
4 the less dilution in a filter, the more tar one  
5 receives?

6 MR. HOWARD: Objection.

7 You can answer if you can.

8 A. It's not my field.

9 THE WITNESS: I need to take a  
10 break.

11 MR. SHUB: Sure.

12 (Short recess.)

13 (Exhibit 7 marked for  
14 identification.)

15 Q. Mr. Goodale, I have placed before  
16 you what's been marked as Exhibit 7. Exhibit 7,  
17 bearing Bates stamp 100803408 through 410.

18 Do you appear to be the author of  
19 these minutes?

20 MR. HOWARD: Objection.

21 The document speaks for itself.

22 Q. Is that your --

23 A. That's my signature.

24 Q. That's your print, the "Tom," the  
25 handwritten "Tom"?

1 A. Handwritten "Tom".

2 Q. Looking at the first paragraph, do  
3 you recall a conversation or --

4 Strike that.

5 Do you recall a discussion at  
6 Philip Morris that you attended where it was  
7 discussed that consumers perceive cigarette types  
8 by categories, not by tar numbers?

9 A. Yes.

10 Q. Do you see where you wrote in the  
11 second sentence:

12 "Therefore, there may be no  
13 benefits from lowering tar of existing brands  
14 within their category"?

15 A. I see that, yes.

16 Q. What was your meaning of the term  
17 "benefits" as used in that sentence? Were you  
18 talking from a marketing perspective?

19 A. I'm not sure what I have -- what it was.  
20 But I would assume, in fact, we were in a tar  
21 number situation during that period of time, that  
22 according to this report, this presentation, that  
23 it says that there would be no, I would assume,  
24 increased sales from lowering the tar any more.  
25 According to this person that wrote the report.

CONFIDENTIAL

T. Goodale

CONFIDENTIAL

1 Q. Was there a discussion while you  
2 were at Philip Morris where the question of the  
3 benefits of lowering tar of existing brands was  
4 discussed?

5 MR. HOWARD: Objection.

6 A. Say the question again, can you rephrase it  
7 another way, because I don't think --

8 Q. Here you wrote -- I'm trying to  
9 understand what was discussed about that subject  
10 while you were at Philip Morris either at this  
11 meeting or another meeting.

12 A. The only way I can answer that was within  
13 the groups of tar bands there is a range of tar  
14 numbers in there, so that if -- if the consumer  
15 was aware of tar numbers, then by maintaining it  
16 in the same category but lowering the tar might  
17 help sales. But that was the thing that would  
18 then be test marketed before you change any tar  
19 numbers.

20 (Exhibit 8 marked for  
21 identification.)

22 Q. Mr. Goodale, the court reporter has  
23 placed before you what's been marked as Exhibit 8  
24 which bears Bates stamp 2010065670 through 5675.  
25 The heading again is "R & D."

2062811858

CONFIDENTIAL

T. Goodale

CONFIDENTIAL

68

1 Is this your writing on this  
2 document?

3 A. No.

4 Q. Were you ever involved in  
5 discussions where the demographics of Philip  
6 Morris smokers was considered?

7 A. Yes.

8 Q. Was that a subject that came up on  
9 many occasions at meetings that you attended?

10 A. No.

11 MR. HOWARD: Objection.

12 Q. Did it come up on more than one  
13 occasion at a meeting that you attended?

14 A. You mean over eight years?

15 Q. Yes.

16 A. Yes.

17 Q. How was that relevant to your  
18 positions at Philip Morris? The demographics, how  
19 was that kind of information useful?

20 MR. HOWARD: To Mr. Goodale, in his  
21 position?

22 MR. SHUB: Exactly.

23 A. For me? The demographics of the --

24 Q. Did you have a reason to utilize  
25 that type of information?

CONFIDENTIAL

T. Goodale

CONFIDENTIAL

1 A. Me?

2 Q. Yes.

3 A. Personally, in my position?

4 Q. Yes.

5 A. No.

6 Q. Were you ever part of a discussion  
7 at Philip Morris where the smoking patterns of  
8 teenagers was discussed?

9 MR. HOWARD: Object to the use of  
10 the term "teenagers."

11 Q. Where the smoking patterns of  
12 individuals less than 18 years of age was  
13 discussed.

14 A. Yes.

15 Q. Who was a party to a discussion  
16 where that subject matter was discussed?

17 A. Who was?

18 Q. Who was involved in the  
19 discussions?

20 A. It would be the normal R & D monthly  
21 meeting.

22 Q. What was discussed about the  
23 smoking habits of smokers under the age of 18?

24 A. There would be a -- there's a government  
25 report, it would be to make a presentation or

CONFIDENTIAL

T. Goodale

CONFIDENTIAL

1 whatever, I have forgotten where it came from.

2 But there is a government report on  
3 under 18 smokers, and as far as I, you know, I was  
4 concerned, the presentation would be as to what  
5 kind of planning you needed to do for the future,  
6 whether you build equipment or make other kinds of  
7 general plans related to what's going to happen to  
8 your smokers in the future if, in fact, they  
9 continue to do what this report says they're going  
10 to do.

11 Q. Are you aware of any efforts by  
12 Philip Morris to market their cigarettes to  
13 smokers under the age of 18?

14 A. Absolutely not.

15 Q. Was it a policy at Philip Morris,  
16 as far as you were concerned, to not market to  
17 smokers under the age of 18?

18 A. Absolutely.

19 Q. And that was a policy that was  
20 written?

21 A. I don't remember seeing it written, but  
22 there was never any discussion of marketing any,  
23 or developing any cigarettes for people under 18  
24 years old. That was a no-no.

25 Q. Even if you knew that they were

2062811861

CONFIDENTIAL

T. Goodale

CONFIDENTIAL

1 smoking cigarettes?

2 A. Even -- even the law says you don't sell  
3 cigarettes to kids under 18, so you market for  
4 people, adults over 18.

5 Q. Even though the law said that you  
6 can't market to smokers under 18, is it fair to  
7 say that Philip Morris was still studying those  
8 smoking habits of individuals under 18?

9 MR. HOWARD: Objection to the term  
10 "studying."

11 MR. SHUB: You can answer.

12 MR. HOWARD: If you understand the  
13 term "studying," if you understand the question,  
14 you can answer.

15 THE WITNESS: Well, I have trouble  
16 understanding all the questions, but I'm  
17 answering.

18 A. Ah, I'm going to answer as I did  
19 previously, to be aware of what the younger people  
20 are doing helps you in a marketing -- planning a  
21 responsible way of a business plan for the future,  
22 as any company would do.

23 Q. So is it fair to say that while  
24 Philip Morris didn't target smokers under the age  
25 of 18, it was certainly interested in what their

2062811862

1 smoking habits were?

2 MR. HOWARD: Objection.

3 A. Now, I have trouble answering that one  
4 because I'm back to saying -- you're trying --

5 I get the feeling you're trying to  
6 say specifically on these younger -- no, the idea  
7 was what's the trend for the future, how do we run  
8 our business in the future. But no one ever made  
9 any plans specifically saying oh, you know, we  
10 have to deal with these 18-year olds, or whatever,  
11 in any specific way. It was something never  
12 discussed.

13 Q. In order to plan for the marketing  
14 to these smokers when they were of age, was it  
15 important to Philip Morris to know their smoking  
16 habits before they were of age?

17 A. I don't know the answer to that.

18 Q. Did you ever receive reports that  
19 discussed -- internal Philip Morris reports --  
20 that discussed the smoking habits of individuals  
21 under the age of 18?

22 A. I mentioned there was a government report.

23 Q. Did Philip Morris generate any  
24 internal reports?

25 A. Ah, they might have.

2062811863



CONFIDENTIAL

T. Goodale

CONFIDENTIAL

73

1 Q. Was that -- strike that.

2 On this document that you have in  
3 front of you --

4 A. Yes.

5 Q. Exhibit 8, it talks about the -- on  
6 the second line: "Cigarette smokers (H.S.) is  
7 trending downward."

8 Do you see that?

9 A. Uh hum, that sounds like that government  
10 report.

11 Q. Of high school cigarette smokers?

12 A. It says "H.S.," so your guess is as good as  
13 mine that it's high school.

14 Q. So is it fair to say that it's your  
15 recollection that the topic of high school smokers  
16 was discussed at Philip Morris?

17 A. Within the context of the report given out  
18 by the government.

19 (Exhibit 9 marked for  
20 identification.)

21 Q. I encourage you to read the  
22 summary.

23 A. Okay, I perused it quickly.

24 Q. Mr. Goodale, the court reporter has  
25 placed before you what's been marked as Exhibit 9,

CONFIDENTIAL

T. Goodale

CONFIDENTIAL

1 it bears the Bates stamp 1003636640 through 6688.

2 It's entitled -- a report from  
3 Philip Morris, entitled:

4 "Young smokers Prevalence, Trends,  
5 Implications and Related Demographic Trends."

6 You appear to be on the  
7 distribution list for this document; is that  
8 correct?

9 A. My name's there.

10 Q. Do you recall receiving this  
11 document while you were at the company in or about  
12 1981?

13 A. Well, not until this morning. I saw it  
14 this morning.

15 Q. Okay, do you have an understanding  
16 as to why your name would be on this distribution  
17 along with the other individuals?

18 A. Yes.

19 Q. And why is that?

20 A. Because in my position in New York, I was  
21 the clearing house for Richmond, as far as all  
22 reports, whatever, coming right through. They  
23 would send it to me and then I would go in to the  
24 vice president or the president and said I got  
25 this report, would you like me to look at it, do

2062811865

CONFIDENTIAL

T. Goodale

CONFIDENTIAL

75

1 you want me to read it.

2 So, in many, many cases I would  
3 receive stacks of reports, because I was the  
4 clearing house, generally not because --  
5 because --

6 Q. It had nothing to do with your  
7 professional business function?

8 A. I can't answer well, business function, as  
9 part of my job to deal and coordinate with the  
10 Richmond operation.

11 Q. What about Mr. Zaler, do you have  
12 an understanding as to why he would receive this  
13 document?

14 A. Yes, he was the director of market  
15 research.

16 Q. Did you ever participate in a  
17 discussion of this report while you were at Philip  
18 Morris?

19 A. I believe I was at the meeting where this  
20 was presented.

21 Q. Was that a Richmond meeting?

22 A. Richmond meeting, yes.

23 Q. Is it fair to say, sir, that you  
24 don't think it's inappropriate for Philip Morris  
25 to be analyzing smoking habits of individuals

2062811866

CONFIDENTIAL

T. Goodale

CONFIDENTIAL

1 under the age of 18?

2 MR. HOWARD: Objection.

3 A. I'm back to what I said earlier, the more  
4 knowledge you have about your marketplace, the  
5 better that you can plan for the future. Fiscal  
6 responsibility.

7 MR. SHUB: Next one.

8 (Exhibit 10 marked for  
9 identification.)

10 Q. Sir, the court reporter has placed  
11 before you what's been marked as Exhibit 10, Bates  
12 stamped 1003177964 through 966.

13 Is this your handwriting, sir?

14 A. No.

15 Q. Do you recall attending a Richmond  
16 meeting where a behavioral pharmacology report was  
17 given?

18 A. No.

19 Q. Were you ever in attendance at a  
20 meeting where it was discussed --

21 Strike that.

22 Were you ever in attendance at a  
23 meeting where how smoke components act on the  
24 central nervous system was discussed?

25 A. No.

2062811867

CONFIDENTIAL

T. Goodale

CONFIDENTIAL

77

1 Q. Were you ever at a meeting at  
2 Philip Morris where the issue of whether nicotine  
3 was a reinforcer was discussed?

4 A. No.

5 MR. SHUB: Mark this next one.

6 (Exhibit 11 marked for  
7 identification.)

8 Q. Sir, the court reporter has placed  
9 before you what's been marked as Exhibit 1 bearing  
10 the Bates stamp number 2025851000 through 1002.

11 And all I ask you is whether this  
12 is your handwriting.

13 A. No.

14 Q. Looking on the last page of this  
15 document under "R & D Project ART."

16 A. Yes.

17 Q. Did you ever attend a meeting where  
18 Project ART was discussed?

19 A. I might have, but I don't know what Project  
20 ART is.

21 Q. Do you know what A-R-T stands for?

22 A. I might have, but I don't remember right  
23 now what ART is.

24 Q. Looking at the notation: "Nicotine  
25 add-back does not help."

CONFIDENTIAL

T. Goodale

CONFIDENTIAL

1 Do you have an understanding as to  
2 what that might mean?

3 MR. HOWARD: Objection, no  
4 foundation.

5 A. No, I don't know. I can't answer it.

6 MR. SHUB: I have no further  
7 questions.

8 I'd like to thank you very much for  
9 your time.

10 MR. HOWARD: We are concluded.

11 (4:04 p.m., deposition concluded.)

12 (Exhibits retained by reporter.)  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

2062811869

JURAT

I, THOMAS T. GOODALE, do hereby  
certify that I have read the foregoing transcript  
of my testimony, taken on August 20, 1997, and  
have signed it subject to the following changes:

| <u>PAGE</u> | <u>LINE</u> | <u>CORRECTION</u> |
|-------------|-------------|-------------------|
|-------------|-------------|-------------------|

DATE: \_\_\_\_\_

Sworn and subscribed to before me on this      day  
of

NOTARY PUBLIC \_\_\_\_\_

2062811870

C E R T I F I C A T E

I, PATRICIA A. SANDS, a Shorthand Reporter and Notary Public of the State of New York and New Jersey, do hereby certify that prior to the commencement of the examination the witness was sworn by me to testify the truth, the whole truth and nothing but the truth.

I do further certify that the foregoing is a true and accurate transcript of the testimony as taken stenographically by and before me at the time, place and on the date hereinbefore set forth.

I do further certify that I am neither of counsel nor attorney for any party in this action and that I am not interested in the event nor outcome of this litigation.

\_\_\_\_\_  
Notary Public of the State of New York  
Certificate No. 4974309  
New Jersey Certificate No. 2109345

Dated: \_\_\_\_\_

2062811871